industries. Why, then, it may be asked, is there an impression that high prices are favourable to trade ? High prices must necessarily restrict the number of purchases upon which a limited income can be spent. The manufacturers upon whose goods its expenditure is concentrated will no doubt be benefited. But this will be at the expense of those whose goods are no longer purchased because they are beyond the consumer's means. If a country is considered as self-contained, high prices redistribute profits and activities, but do not increase them. If, however, they are realized from foreign consumers, they may be an actual gain to the country of export, for the counterbalancing retrenchment of purchases in the importing country may affect goods which the country of export does not supply. High prices may, accordingly, stimulate certain industries at the expense of others; and, if the industries that suffer are in foreign lands, high prices may increase the total wealth of an exporting country. But they do not produce the effect of low prices in increasing the wealth of the world as a whole.

If we look back to the early stages of human society we shall find that the first step in increasing the wealth of a community was the diversion of labour from domestic employ, or feudal service, to the more productive occupation of making things. The ultimate fact upon which industrial

development is based is that a cultivator's labour produces more than suffices for his support. He has rarely been permitted to refrain the surplus. It has been taken from him as rent, and in days of simplicity is mainly spent in the maintenance of relatives, dependants, and retinues of servants. Manufacture is limited to primitive conveniences, and the craftsmen are commonly paid in produce.